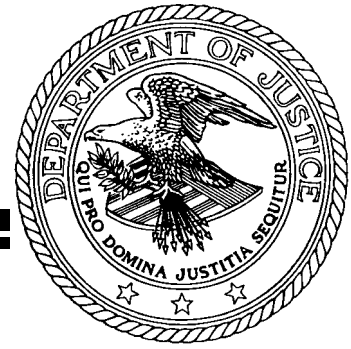


# ***NEWS RELEASE***

---



***OFFICE OF THE UNITED STATES ATTORNEY  
SOUTHERN DISTRICT OF CALIFORNIA  
San Diego, California***

***United States Attorney  
Carol C. Lam***

---

***For Further Information, Contact: Assistant U. S. Attorney George C. Aguilar (619) 557-7173  
or Assistant U.S. Attorney Yesmin E. Saide (619) 557-6755***

---

***For Immediate Release***

**NEWS RELEASE SUMMARY** - April 28, 2004

Carol C. Lam, United States Attorney for the Southern District of California, announced today that a former leading salesman and account manager for a defunct foreign currency trading operation was sentenced to 78 months' imprisonment and ordered to pay \$6,529,027 in restitution by United States District Judge Napoleon A. Jones, Jr. Paul Yates was convicted on November 14, 2003 by a trial jury on all counts presented, which consisted of nine counts of mail fraud and six counts of wire fraud, for his role in the fraudulent operation of International Forex of California and Earthwise International -- two La Jolla-based entities that solicited the public to invest in a "managed currency account" that purportedly traded in foreign currencies. The scheme's leader, William F. McCray, was also convicted by a jury of all counts and will be sentenced by Judge Jones on June 28, 2004.

Yates was also sentenced to three years of supervised release and ordered to pay a \$1,500 mandatory assessment. He was allowed to self-surrender to begin serving his sentence on June 1, 2004.

According to the evidence presented at trial, McCray and Yates used International Forex and Earthwise International to fraudulently obtain more than \$30 million from members of the public by falsely representing, among other things, that the companies had achieved annual returns for their managed currency accounts of 62% in 1993, 70% in 1994, 79% in 1995, 54% in 1996, 62% in 1997, and 52% in 1998; that investor funds were held in trust with the Bank of New York; that investor funds were insured; and that individual investors' accounts were earning substantial positive returns.

According to Assistant U.S. Attorneys George Aguilar and Yesmin Saide, who prosecuted the case, the evidence presented at trial also showed that Yates was a leading account manager and salesperson for International Forex who participated in the scheme to defraud through the above misrepresentations to solicit funds and to keep investors from taking their money out of International Forex once questions arose regarding the legitimacy of its operations.

United States Attorney Lam stated, "The evidence at trial showed just how devastating this scheme was to the retirement plans and financial security hopes for so many investors who were duped into believing their money was safe. This office, together with the FBI, IRS and the U.S. Postal Service, is committed to the investigation and prosecution of those who prey on the elderly and innocent."

This case is the product of a joint investigation by the Federal Bureau of Investigation, the Internal Revenue Service Criminal Investigation Division, the United States Postal Inspection Service, and the Office of the United States Trustee.

## **DEFENDANT**

Paul Yates

## **SUMMARY OF CHARGES**

Title 18, United States Code, Section 1341 - Mail Fraud (nine counts)  
Maximum penalty per count: five years; fine of \$250,000 (or twice the gain)

Title 18, United States Code, Section 1343 - Wire Fraud (six counts)  
Maximum penalty per count: five years; fine of \$250,000 (or twice the gain)

## **AGENCIES**

United States Postal Inspection Service  
Internal Revenue Service, Criminal Investigation Division  
Federal Bureau of Investigation  
Office of the United States Trustee